Public Service Commission of Wisconsin
Direct Testimony of Corey S.J. Singletary
Gas and Energy Division

Wisconsin Electric Power Company
Docket 5-UR-106

September 7, 2012

Q. Please state your name, business address, and occupation.

A. My name is Corey S.J. Singletary and my business address is the Public Service Commission of Wisconsin (Commission), 610 N. Whitney Way, P.O. Box 7854, Madison, Wisconsin 53707-7854. I am employed by the Commission as an Energy Policy Advisor in the Gas and Energy Division.

Q. Please state your educational background and experience.

A. I hold a Bachelor of Science degree in Biology and a Bachelor of Arts degree in International Studies from the University of Wisconsin – Milwaukee. I also hold a Master's Degree in International Public Affairs and a Graduate Certificate in Energy Analysis and Policy from the University of Wisconsin – Madison. I have worked for the Commission since May of 2010, as an energy policy advisor. My work focusses on electric utility rate design and cost of service and a number of policy issues such as smart grid technology, smart grid enabled rates, rate-based energy efficiency and conservation incentives, distributed generation, and energy efficiency evaluation.

Q. Have you previously testified in proceedings before the Commission?

A. Yes, I have previously presented exhibits in testimony in municipal and investor-owned electric utility proceedings before the Commission.

Q. What is the purpose of your testimony?

A. My testimony will address the changes Wisconsin Electric Power Company (WEPCO) witness Eric Rogers has proposed for the company's customer-owned generation tariffs.

Q. Briefly describe the changes Mr. Rogers has proposed for WEPCO's customer-owned generation tariffs.

A. While Mr. Rogers' has proposed a number of changes for WEPCO's customer-owned generation tariffs, the largest changes can most easily be considered in three groups.

First, the company proposes to transfer existing customers between its CGS2, CGS6, and CGS7 net metering tariffs so as to reorganize customers based on metering and generation type. WEPCO is proposing that existing customers be sorted as shown below:

	Single Meter	**Two Meters**
Renewable Generation	CGS2	CGS6
Non-Renewable Generation	CGS2	CGS7

This change is being proposed in order to simplify WEPCO's billing process as customers on customers on a given tariff will have a similar metering configuration and, in the case of CGS6 and CGS7, are subject to similar buyback rate structures based on generation type.

Second, the company proposes to close the CGS3 and CGS6 tariffs to new customers. As part of this proposal, WEPCO is requesting that the CGS6 tariff be closed to new customers retroactive to the date of filing of Mr. Rogers' direct testimony in this proceeding, May 15, 2012.

Third, the company is proposing to create a new tariff, CGS8 for new net metering renewable generation.

Q. Please comment on WEPCO's proposal to close the CGS3 and CGS6 tariffs.

A. According to Mr. Rogers, WEPCO is proposing to close its CGS3 to new customers due to current energy market conditions. The CGS3 tariff is for customers who can sell 300 kW or more of dispatchable customer-owned generation to the company. WEPCO anticipates that current market prices will make the likelihood very low that CGS3 generation will be dispatched. Commission staff does not object to closing CGS3 to new customers at this time. However, staff would expect that WEPCO would reexamine the CGS3 tariff for opportunities in the event that future market conditions suggest a need for dispatchable generation. WEPCO proposes to close the CGS3 tariff to new customers effective January 1, 2013.

With respect to the proposed closing of CGS6 to new customers, Commission staff does not have any objections to closing the tariff to new customers provided an option is made available for new net metering renewable generation as the utility has done with its proposed new CGS8 offering. However, staff does take issue with the company's proposal to close CGS6 to new customers retroactively to the date of Mr. Rogers' filing. Additionally, staff strongly objects to WEPCO's proposed alternative to retroactive closure to new customers, which would be to close and eliminate the CGS6 tariff offering entirely. I do not believe that the Mr. Rogers provides compelling enough justification to warrant retroactive closure treatment. Should the Commission approve the closure of CGS6 to new customers, staff believes this change should be made effective no sooner than the effective date of the rest of WEPCO's 2013 test-year rates, which is anticipated to be January 1, 2013.

Q. Please comment on WEPCO's proposal to transfer customers between its CGS2, CGS6, and CGS7 net metering tariffs.

A. Commission staff does not have any objections to company's proposal to reorganize customers between these three net metering tariffs as it will not result in a bill impact for existing net metering customers.

Q. Please comment on WEPCO's proposed CGS8 net metering tariff.

A. The CGS8 net metering tariff proposed by WEPCO differs from the existing CGS6 tariff with respect to the way in which net surplus generation is treated. Under CGS6, customers are credited at their applicable retail energy rate for any generation that is in net excess of the customer's consumption. The customer is issued a check for the credit amount whenever it exceeds $25. Under CGS8, a credit would be calculated using the customer's retail energy rate similar to the treatment under CGS6. However, under CGS8 the credit would never be issued to the customer in a check, but would be carried forward, with the balance offset against subsequent billing periods. Any remaining credit balance would be carried forward from month to month until May 1 of each year. At that point, any remaining credit balance would be forfeited by the customer.

Q. Are there any other ways in which CGS8 would differ from CGS6 as currently proposed?

A. Yes. As noted in Mr. Rogers' direct testimony, CGS8 would restrict generator size to the customer's load.

Q. Does Commission staff agree with WEPCO's proposed CGS8 tariff design?

A. No. First, staff believes it inappropriate for the customer to forfeit the value of net surplus generation, as currently proposed by the company. At a minimum, if the company wishes to zero out the carry forward credit balance, the customer should be paid for net surplus energy at an avoided cost rate such as CGS1, if not the retail rate. Crediting the customer at an avoided cost rate for net surplus generation is consistent with net metering tariffs recently approved by this Commission for other investor-owned utilities (IOUs).

Second, as it is apparent that the company wishes to limit the value of net surplus generation under CGS8, the proposed load matching requirement is completely unnecessary. As proposed by the company, CGS8 customers would never receive any value for generation that is a net surplus when compared against their annual consumption. Even if, as I have suggested, customers were credited at an avoided cost rate when the carry-forward balance is reset, price signals would disincentivize dramatically oversizing generation with respect to load. This approach, using buyback rate design rather than explicit load-matching requirements to reduce "gaming" of net metering tariffs, is also consistent with the net metering tariffs recently approved by this Commission for other IOUs.

Finally, given that WPECO's CGS4 20 kW to 100 kW wind net metering tariff is closed to new customers, and in light of recent decisions by this Commission to extend net metering service to 100 kW, Commission staff believes that any new net metering tariff offering should allow for customers with renewable generating systems of aggregate capacity of up to 100 kW.

Q. Do you have a proposed alternative to WEPCO's proposed CGS8 tariff?

A. In part. In approving the net metering tariff's for Madison Gas and Electric Company and, more recently, Northern States Power Company of Wisconsin, the Commission has expressed a desire to permit customers to net their generation against their annual consumption. The company's proposal to allow for a carry forward balance based on the customer's retail rate produces a similar, although not identical, effect to explicitly netting the customer's generation against their consumption on an annual basis. If the Commission prefers the credit carry-forward approach proposed by WEPCO, I recommend that the CGS8 should be modified consistent with my previous comments. That is,

1. That customers should be credited at the CGS1 avoided cost-based rate for any remaining net surplus generation when the credit balance is reset on May 1;
2. The load matching requirement be removed from the CGS8 tariff; and
3. That CGS8 be made available to customers with renewable generating systems of aggregate capacity of up to 100 kW.

Additionally, I would recommend that language be added to the CGS8 tariff indicating, with respect to any energy that the company purchases from the customer at the avoided cost rate, that customers retain any renewable energy credits and benefits, emissions allowances, or other renewable energy, air emissions, or environmental benefits for which the customer's generation qualifies.

Q. Are there any alternative net metering designs that the Commission should consider?

A. While Commission staff would not object to the CGS8 tariff modified consistent with the changes I have suggested, the Commission may wish to consider to what extent statewide consistency across different utilities' net metering tariffs is important, at least with respect to the IOUs. Adopting the credit carry-forward approach proposed by WEPCO would make for yet another variation in Wisconsin, and Commission staff has some concerns that a patchwork of different net metering designs may cause confusion among ratepayers and renewable generation installers. It is my understanding that RENEW Wisconsin will be presenting net metering tariff proposals in their testimony. Commission staff is interested in considering alternatives proposed by RENEW, particularly those that might provide additional statewide uniformity while remaining consistent with policy and rate design preferences expressed by this Commission.

Q. Do you have any comments regarding any other changes proposed to WEPCO's tariffs as they relate to customer-owned generation?

A. Yes. In on page 1 of Ex.WEPCO/WG-Rogers-19, the summary of changes for Sheet 19 indicates that the company intends to remove a qualifier from the Fuel Cost Adjustment (FCA) sheet that stated that the FCA was applied only when CGS2, CGS4, CGS6, and CGS7 customers are net purchasers from the company. This directly conflicts with language in the CGS2, CGS4, CGS6, and CGS7 tariffs that indicates that: "If the amount of energy supplied to the Company exceeds the amount of energy consumed during a billing period, the customer will receive a credit on his bill equal to the net excess kilowatt hours of energy received by the Company multiplied by the Appropriate Energy Purchase Rate…, **including any applicable adjustment for cost of fuel**." (emphasis added)

The intent of the CGS2, CGS4, CGS6, and CGS7 tariffs is to credit customers at their retail rate for all of their generation. This "credit" comes in the form of allowing customers to net their generation against their consumption on a kWh for kWh basis up to their level of consumption. It also includes payment for any kWhs in net excess of the customer's level of consumption, at the customer's retail rate. As the customer's retail electric rate includes any authorized FCA, the customer's buyback rate for net excess kWhs should likewise include the FCA. Commission staff agrees with WEPCO's proposal to remove the current qualifier from the FCA schedule stating that the FCA is applied only when CGS2, CGS4, CGS6, and CGS7 customers are net purchasers from the company. The exclusionary language in the current FCA is inappropriate as it is inconsistent with the intent of the CGS2, CGS4, CGS6, and CGS7 tariffs, and might be considered deceptive by customers given the bait-and-switch implications of the contradictory language.

Q. Do you have any other comments regarding this change to the FCA?

A. Yes. In the course of reviewing WEPCO's proposed changes to its customer-owned generation tariffs, Commission staff was contacted by an existing WEPCO net metering customer who indicated that he was experiencing issues with payments received for net surplus generation as the company was not applying the FCA for those kWhs. Given the conflicting language in the FCA, CGS2, CGS4, CGS6, and CGS7 tariff schedules, Commission staff investigated the origin of the exclusionary language in the FCA. Commission staff was able to determine that this language first appears in the FCA schedule authorized in Docket 6630-FR-100, which specified the FCA to be applied against rates authorized in Docket 05-UR-102. In the 6630-FR-100 fuel case, WEPCO issued a one-time FCA that was applied to only one billing cycle. Given the one-time nature of the FCA authorized in 6630-FR-100, the exclusionary language was appropriate in that case with respect to not applying the FCA to net surplus generation for one billing cycle. However, this language appears to have been carried forward into the FCA sheets authorized in 05-UR-103 on January 17, 2008. An initial review of the testimony and exhibits from that proceeding indicate that the continued inclusion of the exclusionary language in the FCA was not addressed in the company's prefiled testimony, additionally, the two lines were not marked as new or revised in the tariff sheets filed as part of Mr. Rogers' exhibits in that proceeding. Likely this is due to the fact that the language existed in the FCA sheet from 6630-FR-100, and so despite the fact that the continued inclusion of the language undermines the intent of the net metering tariffs, it was not “new” in the most rigid sense. Furthermore, the Final Decisions in Dockets 6630-FR-100 and 05-UR-103 make no mention of an intent to modify the application of the FCA to net metering tariffs, or the intent of WEPCO’s net metering tariffs in effect that that time.

Given these findings, I believe that the Commission may not have held a hearing on this issue or fully vetted the exclusionary language in the FCA. The language in the FCA directly contradicts that in the CGS2, CGS4, CGS6, and CGS7 tariff sheets so as to negate the intent of the language of those tariffs despite being unable to find any indication, either in testimony or in the Commission’s Final Decisions, that the exclusionary language in the FCA reflects the intent of the Commission in its authorizing orders in 05-UR-103, or in subsequent orders. If this exclusionary language was not properly adopted, WEPCO may have to recalculate the credit issued to customers, and issue back-bills or credits for all kWh sold to the company under the affected net metering tariffs since the effective date of the tariffs authorized in Docket 05-UR-103, modified where appropriate to reflect statutes of limitations on back-bills and credits.

Q. Does this conclude your direct testimony?

A. Yes.

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